

APPENDIX - BASELINE SCENARIO

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY FINANCIAL FORECAST FISCAL YEAR 2008

PERIOD 7/1/2007 - 6/30/2008

| | Active Local Fund | Retirees Fund | State Fund | PEIA Total |
|-------------------------------|-------------------------|------------------|----------------|----------------|
| <u>Revenues</u> | | | | |
| Employer Premiums - PPB | \$ 67,886,700 | \$ - | \$ 365,428,162 | \$ 433,314,862 |
| Employer Premiums - MCO | 4,600,641 | - | 53,191,662 | 57,792,303 |
| Employee Premiums - PPB | - | 36,782,585 | 83,237,542 | 120,020,127 |
| Employee Premiums - MCO | - | 1,101,391 | 12,714,442 | 13,815,833 |
| Direct Transfers | - | - | - | - |
| Investment Income | 1,331,482 | - | 10,885,175 | 12,216,657 |
| Retiree Subsidy Revenue | - | 4,786,997 | - | 4,786,997 |
| COBRA Premiums | 327,437 | - | 1,309,746 | 1,637,183 |
| Administrative Fees | 445,018 | - | 5,613,931 | 6,058,949 |
| Medicare RDS Reimbursement | - | 23,000,000 | - | 23,000,000 |
| Total Revenue | \$ 74,591,278 | \$ 65,670,973 | \$ 532,380,660 | \$ 672,642,911 |
| <u>Program Expenses</u> | | | | |
| Medical Claims | \$ 39,323,193 | \$ 76,091,133 | \$ 249,163,071 | \$ 364,577,397 |
| Prescription Drug Claims | 13,101,650 | 105,009,290 | 90,407,013 | 208,517,953 |
| Managed Care Capitations | 3,778,658 | 4,806,850 | 56,116,384 | 64,701,892 |
| Administration | 2,549,047 | 4,447,836 | 18,419,324 | 25,416,207 |
| Life Insurance | 831,623 | 708,724 | 5,568,409 | 7,108,756 |
| Wellness | 199,074 | - | 1,438,502 | 1,637,576 |
| Retiree Assistance Program | - | 4,196,640 | - | 4,196,640 |
| Director's Discretionary Fund | 182,953 | 632,008 | 1,185,038 | 1,999,999 |
| Total Expenses | \$ 59,966,198 | \$ 195,892,481 | \$ 422,297,741 | \$ 678,156,420 |
| Retiree Subsidy Allocations | \$ 16,003,028 | \$ (130,221,508) | \$ 114,218,480 | \$ - |
| Fiscal Year Results | \$ (1,377,948) | \$ - | \$ (4,135,561) | \$ (5,513,509) |
| Beginning Plan Reserve | 26,387,177 | - | 234,001,725 | 260,388,902 |
| Ending Plan Reserve | \$ 25,009,229 | \$ - | \$ 229,866,164 | \$ 254,875,393 |

KEY ASSUMPTIONS

| | | | | |
|------------------------------------|-----------------|---------------------------------------|----------------|--------------|
| Additional State Employer Premiums | \$ - | Claim and Other Expense Trends | | |
| Additional Local Agency Revenue | \$ - | <u>Eligibility</u> | <u>Medical</u> | <u>Drugs</u> |
| Additional State Employee Premiums | \$ - | Non-Medicare | 6.5% | 12.0% |
| Additional Retiree Premiums | \$ (30,600,000) | Medicare | 6.0% | 12.0% |
| Direct Transfers | \$ - | Capitations | | 5.0% |
| Number of Net New Retirees | 1,000 | Administrative Expense | | 5.0% |